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The Conference Board

Volume 2, Number 8 September 1991

Economic Times

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Serving Business and Society for 75 Years

Editor's Note

A fascinating potpourri on cities and finance and international trade makes up this month's offerings. Nathan Glazer has the podium on what lessons we can derive from the socioeconomic history of New York City during the twentieth century. Then we hear from Alan Greenspan, who provides some striking insights on how the downsizing of economic output proves to be very useful in advancing the cause of freedom both politically and economically.

Next, Jay Woodworth tosses a big bucket of cold water on the widely held notion that our financial troubles are the controlling factor in the cyclical outlook. And on the next page, our Colloquium panel discusses the still-delayed GATT negotiations.

Our *Stat File* has a new feature in this issue, a "Chart of the Month" on the cyclical aberration in the construction industry, stolen (the chart, not the aberration) from our friends at Brown Brothers Harriman. You'll find it on page 10.

More good stuff coming next month, including another Industry Outlook Report. See you then.

Ed Fiedler

Maxim of the Month:

Sigmund Freud was a half-baked Viennese quack. Our literature, culture, and the films of Woody Allen would be better today if Freud had never written a word.

Ian Shoales

Unloved and Unmourned

The twentieth anniversary of President Nixon's comprehensive wage and price controls slipped by the other week — an appropriate time to contemplate the lessons of that singular and somewhat bizarre episode in American economic history.

From today's perspective, there is a striking irony in the relative equanimity with which Americans treat the current 4-5 percent inflation, in stark contrast to the anguish created by the same rate of inflation in 1971 — an anguish widespread and deep enough to induce Nixon to impose controls.

The difference is in the prevailing expectations. In 1971, the norm was the experience of the early 1960s, when inflation averaged about 2 percent annually. Thus 4-5 percent was entirely unacceptable. Today, by contrast, the acceptable norm is the average for the past eight years or so, which is the same 4-5 percent we have now. As long as inflation is moderate and fairly steady, we learn to live with it and accept it as normal. We don't *like* it, but we accept it. Thus currently there is no pressure to adopt controls or any other radical anti-inflation policy.

What Did the 1971-74 Controls Do?

The controls didn't stop inflation, but for the first year and a half or two years the program moderated it noticeably. This short-term success against inflation also helped stimulate economic activity. But the greatest success of the controls was political. They were immensely popular at the outset. The American people saw this move as a bold, decisive initiative that would (they concluded erroneously) deal effectively with a festering, intractable disease that just kept getting worse and worse. The controls probably did more to reelect Nixon in 1972 than anything other than the perception of McGovern as an extreme liberal.

The economic and political sunshine didn't last long, however. Starting about mid-1973, the economy overheated, shortages developed, inflation accelerated, and the controls turned perverse in various sectors, creating distortions and fostering black markets. The severity of the economic troubles that developed, including the 1974-75 recession, can be traced mostly to the Arab oil embargo and price hike, but the controls contributed importantly as well.

As always with price and wage controls, short-term economic and political gains are all you get (and controls don't always give you that much). That's the timeless message of controls: Over the long haul, they do more harm than good. Seen in perspective the damage is not catastrophic, but the net result is negative.

The corollary message is that there is no simple solution to inflation. Normally the only answer is austere policies to create economic conditions weak enough to break the inflationary habit. In most cases this can be done neither quickly nor easily; the costs of bringing inflation under control are heavy. No pain, no gain.

Accordingly, our lesson learned, the controls were allowed to expire in 1974, unloved and unmourned. Let's hope time does not erode the lesson. As Herbert Stein observed recently, price controls are "wrong," like lying or burning the flag.

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Economic Times (ISSN 1050-0200) is published 10 times annually (July/August and November/December are combined issues) by The Conference Board, Inc., 845 Third Avenue, New York, N.Y. 10022-6601. Printed in Alpha, New Jersey. Second class postage paid at New York, N.Y. and other mailing offices. POSTMASTER: Send address changes to *Economic Times*, 845 Third Avenue, New York, N.Y. 10022-6601 Editor: Edgar R. Fiedler

The Conference Board, 845 Third Avenue, New York, New York, 10022
The Conference Board Europe, Avenue Louise, 207 - Bte 5, B-1050 Brussels, Belgium
The Conference Board of Canada, 255 Smyth Road, Ottawa, Ontario, K1H-8M7

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Colloquium: GATT Gridlock

Background:

The Uruguay round of negotiations being conducted by the General Agreement on Tariffs and Trade (GATT), designed to stimulate economic growth and improve productive efficiency by further reducing existing barriers to international trade, has dragged on inconclusively far beyond its original schedule. Some observers feel it may end without an agreement.

Question:

How important is it that these GATT negotiations be completed successfully reasonably soon?

Charls E. Walker
Charls E. Walker Associates

They're very important! But GATT negotiations should *not* be completed without fundamental progress in reducing agricultural subsidies and in opening markets to financial services and other goods. In particular, if Western European countries cannot muster the political will to support a positive agreement, the United States, Canada, and Mexico should proceed quickly to organize their free trade association, followed by a hemispheric FTA, followed by the distinct possibility of inviting in Pacific Rim nations as a capstone.

Andrew F. Brimmer
Brimmer & Company

The GATT negotiations should be accelerated. Geographic trade blocs (e.g., European Community and North American Common Market) are continuing to spread. While they aim to reduce barriers among members, they tend to restrict access by those beyond their boundaries. Early multilateral agreement among GATT members is needed to arrest this drift toward segmentation of world trade. In particular, agreement is needed to protect patents and other intellectual property and to promote international trade in services.

Murray Weidenbaum
Center for the Study of American Business

Although it borders on the sacrilegious to say so, breaking the deadlock in the GATT negotiations is not terribly important. Action on trade policy has shifted to unifying Western European economies ("Europe 1992") and developing a North American free trade area. Perhaps GATT has outlived its usefulness. In reducing formal tariff barriers, it has encouraged countries to use a far more harmful loophole — import quotas and other quantitative restrictions on international commerce.

Robert G. Dederick
Northern Trust Company

The world probably won't come to an end if the Uruguay round comes a cropper. Unlike Zachary Taylor, Smoot-Hawley won't rise again. But why take a chance? If we don't move closer to free trade, chances are we'll move further away. A failed Uruguay round would give protectionists both here and abroad the excuse they're seeking. And it would poison the air sufficiently to weaken the hands of those free-trade stalwarts who oppose them.

Members:

Members of The Conference Board Economics Colloquium are: Stephen H. Axilrod, Vice Chairman, Nikko Securities International; Andrew F. Brimmer, President, Brimmer & Company; Don R. Conlan, President, Capital Strategy Research; Robert G. Dederick, Executive Vice President and Chief Economist, Northern Trust Company; John T. Dunlop, Lamont University Professor Emeritus, Harvard University; Lyle E. Gramley, Senior Staff Vice President & Chief Economist, Mortgage Bankers Association; Isabel V. Sawhill, Senior Fellow, The Urban Institute; Charles L. Schultze, Senior Fellow, The Brookings Institution; James Tobin, Sterling Professor Emeritus, Yale University; Laura D'Andrea Tyson, Professor of Economics, University of California, Berkeley; Charls E. Walker, Chairman, Charls E. Walker Associates; Murray Weidenbaum, Director, Center for the Study of American Business; Albert M. Wojnilower, Senior Advisor, First Boston Corporation.

The Lessons of New York City

by Nathan Glazer

New York City is a very different place from the one in which I grew up. Of course when we contrast the 1920s and the 1990s we deal with a very long period and we would expect much to change. I believe we can learn something from such a contrast.

We can think of things that are the same, or similar, and things that are different. Consider first the similarities. By 1930, New York City had almost completed its population growth. It had almost seven million people. Today, New York is again a city of some seven million. New York was an immigrant city then, and has become again an immigrant city. The immigrants spoke foreign languages then — as many do today — and poured into the public schools to be educated. There were a million children in the schools then, there are a million children in the schools now.

Manufacturing, Race, and Poverty

But now to the changes. I will concentrate on three, because these three taken together are generally considered the cause of New York's current difficulties. New York City was then a great manufacturing city and port, a city that produced things, and that moved things. It has lost much of its manufacturing, to places where these processes could be carried out more cheaply. Its port functions and everything associated with them have been greatly reduced.

Second, New York City was then a city of Europeans, and it is now, in its majority, a city of African Americans and Latin Americans, with a rising proportion of Asians. The third change is that New York is by some key measures a poorer city. It is aurgued that it is the misfortune of this population to have arrived while economic opportunity declined. Thus New York, from a city with poor people, but people who saw hope, has become a city of poor people, many of whom don't see hope, who despair and become an underclass.

And in response to these three changes we might add a fourth change that makes a difference from the city of the European immigrant past: there has been an enormous expansion of public social services. The city of the past was one in which the work of the city government was on the whole traditional: policing, picking up the garbage, putting out the fires, constructing and maintaining roads and bridges, regulating building. Today, social and educational services have expanded greatly.

One measure to this expanded scale of social services is that the schools, educating the same number of children, now have three times as many employees as in the 1930s. The size of public human services and health agencies today would dwarf anything that existed in the age of the European immigrant city.

Despite this expansion, it is generally argued that our social and educational and health services are grossly insufficient. The evidence is all around us, in school dropouts, youth unemployment, unmarried motherhood, abandoned or abused children, increased crime, crowded jails and emergency wards, and expanded drug use. It may seem inhuman to examine whether this analysis makes sense. But let us consider this commonly received wisdom. It may throw some light on our current problems.

Poverty, Without Opportunity?

The change in the New York City job base is commonly presented as the major cause of our problems. But if the jobs of today require more in the way of literacy and education than the jobs of some decades back did, it is also true that the opportunities to acquire education and training have expanded greatly. The replacement of jobs in manufacturing with jobs in business services, social and educational services, the health industries and professions, and government does not necessarily mean a decline in jobs capable of supporting a family, and does not demand on the whole more skills than the migrants and immigrants of the postwar years came with or could acquire. New York, despite the fact that it became a poorer city, remained a city of opportunity. The contrast that is often drawn between yesteryear's "slums of hope" and today's "slums of despair" is illusory.

All during the 1970s, while the city hemorrhaged jobs and population, immigrants flowed into it at a fairly steady rate. They were coming for jobs, skilled and unskilled, they opened small businesses, they joined family members, just as in the past and as if New York were not undergoing an economic disaster. They continued to come in the 1980s and will continue to come in the 1990s.

We continue to see people with language difficulties and limited skills daily taking advantage of opportunities — in retail business, in small enterprises, in the use of the educational opportunities of the city. Our problem, I would argue, is not in large that the opportunity structure of the city has changed. Indeed, in some respects it has changed for the better. It is how we are to understand why so many people cannot take advantage of these opportunities.

Pathology Amidst Prosperity

A second striking fact is this: During the 1980s, when the economy revived, when new jobs were being created, when for the most part unemployment was low, and business searched for entry-level and skilled workers, we saw no great decline in the problems that were attributed to lack of jobs and unemployment. New York City has been acquainted with poverty through its entire history — that is not new. The City had, however, not been acquainted with the presence of a large group for whom the words poverty and unemployment did not seem to provide a proper identification. There was a growing complex of female-headed families, high rates of illegitimacy, a growing number of young men neither in the labor force nor in school, high levels of crime. There was a growing drug problem that devastated communities whether the city was prospering or not.

In a word, the poverty we see today, and that is presented as the cause of the social problems that afflict the city, is so different from the poverty of that earlier immigrant city as to not seem the same thing at all. That earlier poverty could be overcome through opportunity to work; it could be assuaged through welfare and social insurance programs designed for hard times and misfortunes. This new poverty seems impervious to opportunity and to the business cycle, neither going up when times are bad nor down when times are good. This is the change that in the large makes the city of today so different from the city of the 1920s.

We have become the kinder city that the reformers of the 1930s fought for. Our welfare is more extensive, more generous than in the 1930s (though we have declined a good deal from the generosity of the late 1960s). We have cleared great areas of the city of old tenements and replaced them with modern housing. We have greatly increased the staffing of our schools, most of it for teachers and teachers' aides. We have created new institutions of higher education, and opened them wide to anyone who gets a high school degree. But all this, it seems, does not do much to create a better city, with less poverty, lower crime, less drug use, fewer social problems.

Senator Moynihan, writing in *The Public Interest* in 1989, reviewed the great spate of social programs designed to overcome the poverty of the 1960s and considered where we succeeded and where we failed. These social reforms, he wrote, were hugely successful "when we simply transferred income and services to a stable, settled group like the elderly. [They] failed where poverty stemmed from social behavior."

That is a startling point, little made or noted in present-day politics or social analysis. We think of poverty as owing to economic change, lack of opportunity. It can also be owing to personal behavior. People bring misfortune on themselves. One can insist that poverty is the root cause, but people in similar situations will respond differently. Some girls will become pregnant and some won't. Some boys will father babies they cannot support and some won't. Some will become drug addicts and in the same circumstances others will not.

Our immediate response to problems is — deal with them. Add more social workers, policemen, therapists and doctors. And indeed, what else can we do? But is there not another task, which is to try to change the self-destructive behavior, rather than deal with its consequences, or rush into finding excuses for it? I have been deeply impressed by Roger Starr's analysis in *The Rise and Fall of New York City*:

> Far from attempting to impose moral order on the poor, society has adopted a neutral attitude in moral matters...Consider the case of a hospital in New York City that dedicates a ward to the treatment of patients with...an infection of the heart....In this ward are placed those patients who contracted their disease by injecting their veins with narcotics, using an infected needle.
>
> Starr describes the difficulty and expense of the treatment. The patients, suffering the symptoms of withdrawal
>
> > are graceless, even insulting, impatient, destructive, dirty, doomed people snatched from addiction unwillingly and usually prepared to return to it upon their release from the hospital. With their renewed addiction will return all the nasty and dangerous ways of getting the money to pay for the narcotics: stealing, mugging, perhaps even murder...The treatment of the patients in this ward is paid for by government or given free by the hospital. The patients are, in effect, treated no differently than they might be if they had incurred an infection while trying to save someone's life rather than in the process of trying...to end their own. It is altogether proper that they should be saved...Yet, somehow, to say that they should be saved is not enough.
>
> What seems missing is the passing of judgment on the matter.

I find this a very powerful comment on our present social difficulties. In the New York of the 1920s and 1930s, judgment was passed in profusion. We had the deserving and the undeserving poor, we had an 18th Amendment that banned alcohol, we had the universal condemnation of illegitimacy, the illegality of abortion, and relief by private groups that took upon themselves the passing of judgment on proper and improper behavior. In the 1960s, all that changed, and we are in many ways the worse for it.

Would the passing of judgment help? The question is, what do we do when poverty is the result of self-destructive behavior? Can we set a standard for behavior towards oneself and one's family and one's neighbors — and if we set it forcefully, and uncompromisingly, would it help?

Excerpted from the *Bulletin of the New York Academy of Medicine* and *The Public Interest*. Nathan Glazer is co-editor of *The Public Interest*.

Small is Beautiful

by Alan Greenspan

One little noticed structural change that has had a profound impact on the world economy and world politics in recent decades has been the marked downsizing of economic output. Economic value creation has shifted increasingly toward conceptual and impalpable values with decidedly less reliance on physical volumes.

A half century ago, for example, our radios were bulky and activated by large vacuum tubes. Today, the same function is served by pocket-sized transistor packs. Similarly, thin fiber optics is replacing vast tonnages of copper. Even the physical quantity of goods consumed in creating economic services has been affected. Financial transactions, historically buttressed with reams of paper, are being progressively reduced to electronic charges, though the sheer volume of activity has kept paper usage higher.

The considerable increase in the economic well-being of most nations in recent decades has come about without much change in the bulk or weight of the gross national product. In fact, if all the weight of materials — the tons of grain, cotton, ore, coal, steel, cement, etc. — we produce were added up, their total volume per capita might not be much greater today than it was, say 50 or 75 years ago. This would mean that increases in the conceptual components of GNP — that is, those reflecting advances in knowledge and ideas — would explain by far the major part of the rise in real GNP in the United States, and presumably the industrial world as a whole.

In the years ahead, telecommunications and advanced computing, which have greatly extended our analytical capabilities of substituting ideas for physical volume, will take on an even greater role. By facilitating the transfer of ideas, they create value by changing the location of intellectual property, much like the American railroads in an earlier time created value by transferring physical goods to geographic locations where they were of greater worth. At the turn of the century, for example, we created economic value by moving ore from the Mesabi Range down to the Pittsburgh district where it was joined with coking coal to produce steel. In today's environment, economic value is increasingly created by moving the conceptual part of GNP — not coal or ore but data, analyses, and insights — from one location to another through increasingly sophisticated electronic means.

The purpose of economic production does not change. It still serves human needs and values. But the form of output is becoming increasingly less palpable.

One clear implication of economic product downsizing is the impact on international trade, which is having a profound effect on the policies of the world's economies. International trade in construction gravel and fiberglass insulation, for example, is limited by weight and bulk. High value computer products, on the other hand, are major and increasing factors in world trade. Obviously, the less the bulk, and the lower the weight, the easier it is to move goods across national boundaries. It is not surprising, therefore, to find that the share of U.S. foreign trade carried by air has doubled since 1970.

But the increased ease with which economic goods and services can spill over national borders creates a major dilemma for the political structure of a country inclined to inhibit such movement. The political leadership must increasingly accelerate the protectionist blocking of goods and services or open up their economy to a more market-oriented, and less domestically regimented, system. In addition, the development of satellite technology, and the ability to transmit television pictures across national boundaries undercuts political censorship of the media. Governments must then either acquiesce in new political freedoms or produce increasingly harsh regimes.

The breakdown of political barriers to the inexorable pressures of cross-border movements of economic goods is especially visible on the European continent. And the evolving newly industrialized countries of the Far East, capitalizing on their ability to exploit the downsizing technologies of the 1980s, have flourished beyond expectations. These models, in turn, have had a profound effect on other developing countries of the world where discarding of centrally planned economies has accelerated, and the old heated so-called north-south political debates of a decade ago have faded.

Countries, however, can eschew international economic cooperation. They can move in a severely protectionist direction. But the extraordinary downsizing of goods will make protectionism increasingly difficult to sustain in the years ahead, in the same sense that repressive national governments will have difficulty blocking satellite-transmitted ideas to their people.

Certainly, a major world economic disruption could induce a hasty resurrecting of the protectionist walls of an earlier era. But technology is irreversible. The downsizing of goods will continue. As a consequence, the ability to suppress worldwide trade will become progressively more difficult in the decades ahead.

Excerpted from a speech to the Japan Society, New York, May 22, 1989. Dr. Greenspan is Chairman of the Board of Governors of the Federal Reserve System.

Don't Exaggerate Financial Problems

by Jay N. Woodworth

The current "consensus" forecast among U.S. economists, which calls for a modest 2.6 percent economic recovery in the first year of expansion, really represents two distinct groups. First, there are the Recessionists or Double-Dippers, who think that the accumulated carnage of problems in the financial sector will short-circuit the economic recovery. This camp points to the enormous volume of funds needed to finance closing the failing savings-and-loan associations, larger Federal budget deficits, hundreds of distressed banks, and the new threat of failing life insurance companies.

We're in the second camp, with those who believe that the recovery will produce real growth of 3-3 1/2 percent during the first year, well short of the 6.5 percent "average" for postwar recoveries but faster than the 2.6 percent consensus forecast.

One reason we're not in the Recessionist camp is that today's financial problems are not all *that* extraordinary. They are, rather, typical of those that invariably spring up in the early months of recovery. The first round of postwar financial shocks began after the mini-recession in 1966-67, with cascading failures of brokerage houses. After subsequent recessions, the U.S. has seen the collapse of hedge funds, the real-estate investment trusts, countless S&Ls, and W.T. Grant. There was the near-collapse of Chrysler Financial (in 1970), New York City (we're thinking of the 1975-76 episode and not trying to make a forecast), and Lockheed.

None of these earlier shocks or other financial problems (e.g., the Latin debt mess in 1982) prevented economic recoveries from blasting off the launch pad. The difficulties might have elevated real interest rates and raised the cost of corporate capital, so that the growth rate of the subsequent recoveries *might* have been trimmed slightly. But hard evidence is lacking.

Similarly this time, we do not see that the well-reported financial problems will prevent the recovery from taking place. The troubles will continue to elevate real interest rates and, in our thinking, these do serve to restrain growth rates to the 3-3 1/2 percent zone, rather than 5-6 percent, so the headaches in the financial sector are not trivial.

Another way of expressing this point is to say that we in the financial sector should be careful about extrapolating the problems and the importance of the financial sector to the industrial side of the economy. The unambiguous evidence in the postwar era is that economic recoveries are demand driven — chiefly by the American consumer — and they are not really supply-side constrained (i.e., by limitations on credit or available capital). There is nothing in the current expansion that is different.

Excerpted from "NEXT WEEK," July 26, 1991, a newsletter published by the Economics Group, Global Corporate Finance, Bankers Trust Company, New York. Jay N. Woodworth is Vice President and Senior Domestic Economist.

The Gulf War has revived some of the glory of military experience, and the old veterans have brought their war stories out of mothballs. A grizzled sea dog I know recounts the following tale, which I feel sure (but he won't admit) is strictly apocryphal.

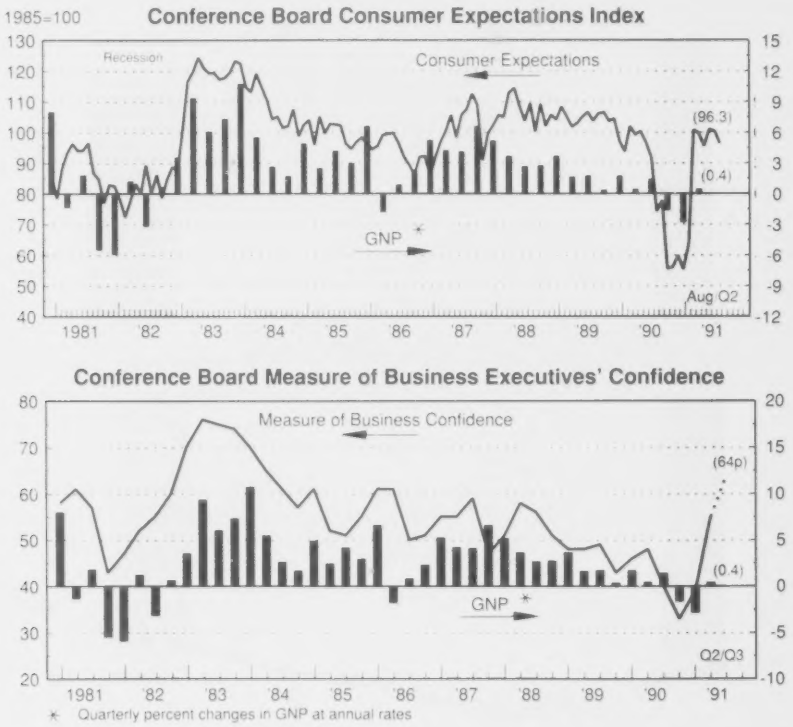
On 23 August 1779, the U.S.S. Constitution set sail from Boston with 475 officers and men, 48,600 gallons of water, 7,400 cannon shot, 11,600 pounds of black powder, and 79,400 gallons of rum. In Jamacia on 6 October she took on 826 pounds of flour and 68,300 gallons of rum. In the Azores on 12 November she provisioned with 550 pounds of beef and 64,300 gallons of Portuguese wine. She set sail for England, where she defeated five British men-of-war and scuttled 12 English merchantmen, salvaging only their rum. Out of ammunition, she nevertheless raided the Firth of Clyde, her landing party capturing 4,000 gallons of whiskey. The Constitution then headed for home, arriving in Boston harbor on 20 February 1780 with no cannon shot, no powder, no food, no alcoholic spirits, but 48,600 gallons of stagnant water!

Conference Board Stat File

Recovery Marches On — With Exceptions

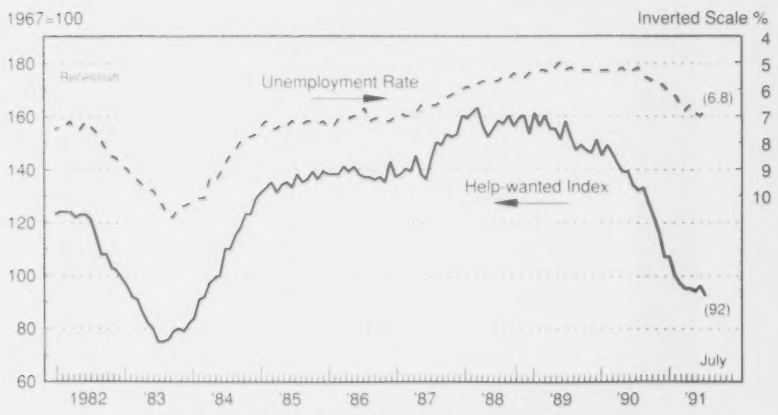
Most of the data in this month's *Stat File* show the business cycle recovery proceeding in standard fashion. Surprising strength is found in business executives' confidence and the momentum index for industrial production. On the other hand, the labor market indicators (bottom of this page) continue to lag, as is often the case at cyclical troughs. Also, some sectors of the construction industry are AWOL from the recovery (as shown in our new feature, "Chart of the Month," page 10). *(Note: Data for Conference Board series in this section are available on request from Ken Goldstein at 212-339-0331.)*

Confidence



Attitudes continue to look favorable.

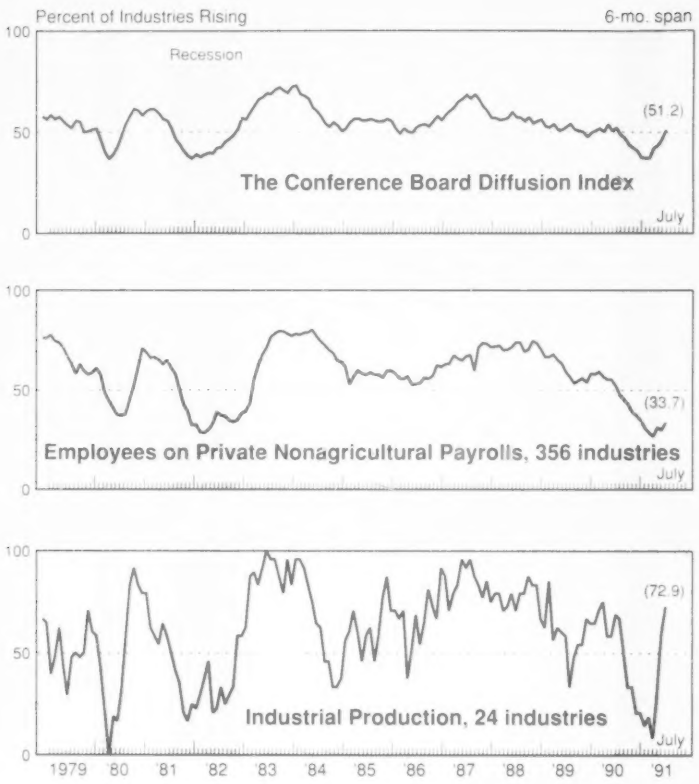
Help-wanted Advertising and Unemployment



Still weak.

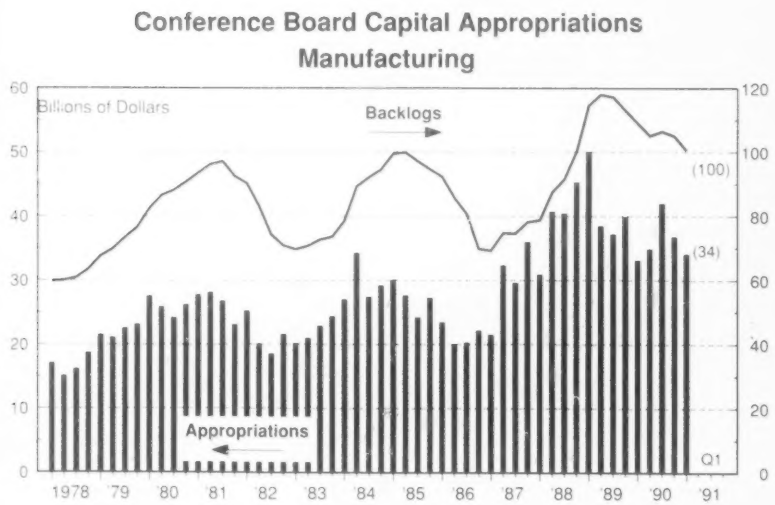
Conference Board Stat File

Indexes of Economic Momentum



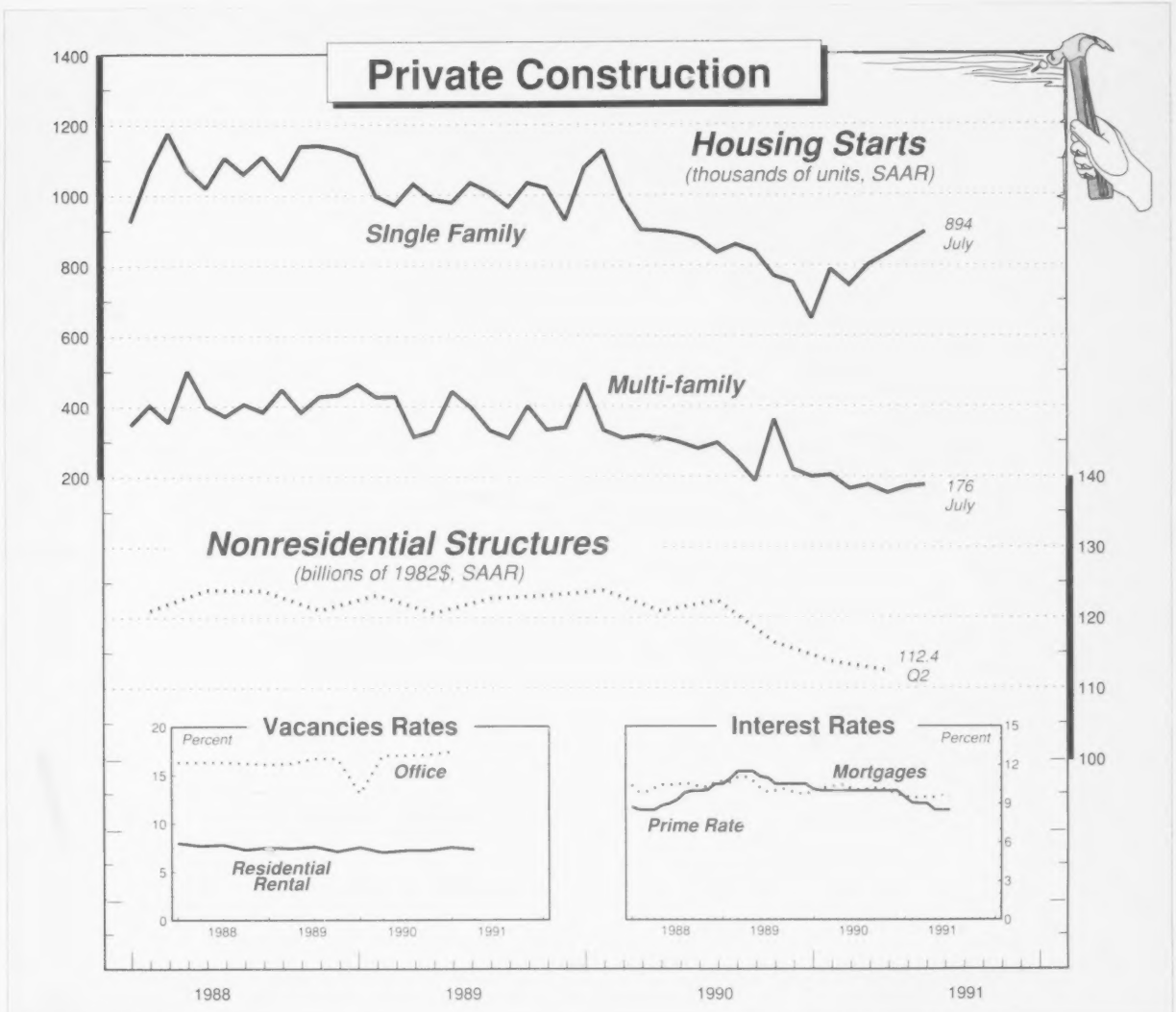
The turnaround in momentum is now unmistakable.

Investment Intentions



Recession impact still moderate.

Conference Board Stat File:Chart of the Month



Cyclical Aberration

Historically, construction activity has always moved strongly with the business cycle. This cyclicality applied to both housing and nonresidential construction, and was driven by the availability of credit and swings in interest rates. In the present cyclical recovery, with interest rates down moderately, single family starts have embarked on what thus far appears to be a normal recovery path. But multifamily and nonresidential activity remains soft. This uncharacteristic behavior reflects several interrelated developments: 1) the continuing high level of vacancies both for rental housing and office space, 2) the debacle in the savings and loan industry, and 3) the continuing impact of the 1986 tax reform legislation (a factor that deserves more weight than it usually receives).

Source: Chart adapted from Edward J. Campbell and James J. Barkocy, Brown Brothers Harriman, *Perspectives on the U.S. Economy*, August 1991.

Inside the Crystal Ball

		UCLA	MERRILL L.	DU PONT	GEORGIA ST.	NORTHERN TRUST	CONF. BOARD	EATON	L.H. MEYER	DRI	WEFA	MICHIGAN – RSQE		
Date of Forecast		Aug.	Aug.	Aug.	Aug.	Aug.	Aug.	Aug.	Aug.	Aug.	Aug.	Aug.		
Gross National Product		(Quarter-to-quarter percent change, constant dollars, seasonally adjusted at annual rates)												
		%	%	%	%	%	%	%	%	%	%	%		
Actual	1991 1Q	-2.8	-2.8	-2.8	-2.8	-2.8	-2.8	-2.8	-2.8	-2.8	-2.8	-2.8	1Q 1991	Actual
	2Q	0.4	0.4	0.4	0.1	0.4	0.4	0.4	0.4	0.4	0.4	0.4	2Q	
Forecast	3Q	2.0	3.0	2.2	2.4	3.6	2.9	4.1	2.9	3.3	1.5	2.9	3Q	Forecast
	4Q	3.5	4.1	2.5	2.8	3.5	2.4	4.5	2.0	2.9	3.9	3.6	4Q	
	1992 1Q	4.6	4.0	3.2	2.7	3.1	2.5	4.0	2.2	3.0	4.4	3.0	1Q 1992	
	2Q	4.2	2.5	3.3	2.3	3.4	2.1	2.9	3.1	2.8	3.9	2.6	2Q	
	3Q	3.3	2.3	3.4	2.8	3.3	2.2	1.6	3.2	1.8	3.3	2.4	3Q	
	4Q	1.9	2.0	3.3	2.5	3.1	2.1	2.7	2.8	1.9	2.7	1.9	4Q	
	1993 1Q	1.8		2.9			2.5	3.9	3.2	3.1	2.4	1.8	1Q 1993	
	2Q	1.6		2.9			1.9	2.7	2.9	3.4	2.6	2.0	2Q	
	3Q	2.9		2.7			1.0	1.9	3.1	3.4	2.7	2.1	3Q	
Inflation (GNP Deflator)		(Percent change from same quarter one year earlier)												
Actual	1990 4Q	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	1990 4Q	Actual
Forecast	1991 4Q	3.3	4.1	4.1	4.1	4.3	3.6	3.4	4.1	3.5	3.3	3.8	1991 4Q	Forecast
	1992 4Q	3.0	4.0	3.6	3.8	3.9	4.4	2.6	2.9	2.8	3.3	3.5	1992 4Q	
30-Yr Treasury Bond Rate		(Percent, quarterly)												
Actual	1991 1Q	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	1Q 1991	Acutal
	2Q	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	2Q	
Forecast	3Q	8.4	8.4	8.3	8.3	8.3	8.3	8.3	8.4	8.4	8.4	8.4	3Q	Forecast
	4Q	8.5	8.5	8.0	8.3	8.2	8.4	8.3	8.2	8.5	8.4	8.3	4Q	
	1992 1Q	8.6	8.6	8.0	8.4	8.2	8.3	8.4	8.1	8.7	8.5	8.4	1Q 1992	
	2Q	8.7	8.5	8.0	8.6	8.3	8.3	8.5	8.0	8.7	8.6	8.4	2Q	
	3Q	8.7	8.4	8.0	8.7	8.4	8.3	8.5	7.9	8.6	8.7	8.3	3Q	
	4Q	8.8	8.3	8.0	8.8	8.5	8.3	8.6	7.8	8.4	8.8	8.2	4Q	
	1993 1Q	8.9		8.0		8.6	8.7	8.6	7.7	8.3	8.9	8.1	1Q 1993	
	2Q	8.9		8.0		8.7	8.7	8.4	7.6	8.2	9.0	8.1	2Q 1993	
	3Q	8.9		8.1			8.7	8.3	7.5	8.3	9.0	8.2	3Q	
Unemployment Rate		(Percent, quarterly)												
Actual	1991 1Q	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	1Q 1991	Actual
Forecast	1991 4Q	6.7	6.9	6.7	7.0	6.8	7.0	6.7	6.9	6.7	6.7	6.8	4Q 1991	Forecast
	1992 4Q	5.9	6.5	6.3	6.7	6.4	6.8	6.5	6.3	6.3	6.3	6.5	4Q 1992	
	1993 2Q	5.9		6.1			6.7	6.0	6.0	6.2	6.3	6.5	2Q 1993	

The Conference Board
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Acquisitions
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Suite 800
Bethesda, MD 20814